

**LOUISIANA PUBLIC HEALTH  
INSTITUTE**

*Audits of Financial Statements*

June 30, 2008 and 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/28/09

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## Independent Auditor's Report

To the Board of Directors  
Louisiana Public Health Institute

We have audited the statements of financial position of the Louisiana Public Health Institute (the Institute) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Public Health Institute as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2008, on our consideration of the Louisiana Public Health Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Louisiana Public Health Institute taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying financial information presented on pages 13 and 14 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

August 14, 2008

**LOUISIANA PUBLIC HEALTH INSTITUTE**  
**Statements of Financial Position**  
**June 30, 2008 and 2007**

	2008	2007
<b>Assets</b>		
Cash - Unrestricted	\$ 1,305,411	\$ 1,128,053
Grants Receivable	2,467,311	3,227,835
Other Receivables	179,119	99,766
Cash - Restricted	1,520,298	82,625
Certificates of Deposit - Restricted	-	141,859
Certificates of Deposit	1,035,022	-
Furniture and Office Equipment, Net	21,009	39,562
Other Assets	1,325	1,325
	<u>1,325</u>	<u>1,325</u>
<b>Total Assets</b>	<b><u>\$ 6,529,495</u></b>	<b><u>\$ 4,721,025</u></b>
<b>Liabilities</b>		
Accounts Payable	\$ 2,122,394	\$ 1,114,180
Accrued Liabilities	59,559	1,508
Due to Clinics - PCASG	1,072,844	-
Due to Louisiana Rural Health Services Corp.	-	142,598
Due to LCRC	-	654,000
Deferred Grant Revenue	2,426,315	2,125,416
	<u>2,426,315</u>	<u>2,125,416</u>
<b>Total Liabilities</b>	<b><u>5,681,112</u></b>	<b><u>4,037,702</u></b>
<b>Net Assets</b>		
Unrestricted	<u>848,383</u>	<u>683,323</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,529,495</u></b>	<b><u>\$ 4,721,025</u></b>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA PUBLIC HEALTH INSTITUTE**  
**Statements of Activities**  
**For the Years Ended June 30, 2008 and 2007**

	2008	2007
<b>Unrestricted Support and Revenue</b>		
Grants and Contracts	\$ 66,636,949	\$ 20,166,399
Other Revenue	695,519	393,615
Interest Income	10,573	18,955
<b>Total Unrestricted Support and Revenue</b>	<b>67,343,041</b>	<b>20,578,969</b>
<b>Expenses</b>		
Program Services and Grants	66,697,247	20,170,473
General and Administrative	480,734	339,020
<b>Total Expenses</b>	<b>67,177,981</b>	<b>20,509,493</b>
<b>Change in Unrestricted Net Assets</b>	<b>165,060</b>	<b>69,476</b>
<b>Unrestricted Net Assets, Beginning of Year</b>	<b>683,323</b>	<b>613,847</b>
<b>Unrestricted Net Assets, End of Year</b>	<b>\$ 848,383</b>	<b>\$ 683,323</b>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA PUBLIC HEALTH INSTITUTE**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2008 and 2007**

	2008	2007
<b>Cash Flows from Operating Activities</b>		
Change in Unrestricted Net Assets	\$ 165,060	\$ 69,476
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	18,553	26,705
(Increase) Decrease in:		
Grants Receivable	760,524	(1,061,164)
Other Receivables	(79,353)	(65,915)
Increase (Decrease) in:		
Accounts Payable	1,008,214	871,504
Accrued Liabilities	58,051	(4,311)
Due to Clinics - PCASG	1,072,844	-
Due to Louisiana Rural Health Services Corp.	(142,598)	-
Due to LCRC	(654,000)	-
Deferred Grant Revenue	300,899	(1,163,251)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,508,194</b>	<b>(1,326,956)</b>
<b>Cash Flows from Investing Activities</b>		
Increase in Restricted Cash	(1,437,673)	(10,699)
Increase in Investment in Certificate of Deposit	(1,035,022)	-
Decrease in Investment in Certificate of Deposit - Restricted	141,859	-
Purchase of Furniture and Office Equipment	-	(38,582)
<b>Net Cash Used In Investing Activities</b>	<b>(2,330,836)</b>	<b>(49,281)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>177,358</b>	<b>(1,376,237)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,128,053</b>	<b>2,504,290</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,305,411</b>	<b>\$ 1,128,053</b>

The accompanying notes are an integral part of these financial statements.

# LOUISIANA PUBLIC HEALTH INSTITUTE

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### **Nature of Activities**

The Louisiana Public Health Institute (the Institute) is an independent 501(c)(3) organization established in 1997. We are part of a growing movement of public health institutes in America. As a primary strategy, LPHI creates and fosters collaborative endeavors in the areas of health information, public policy, applied research, and community capacity enhancement. We are dedicated to promoting the health and well-being of the people of Louisiana through public-private partnerships.

#### **Basis of Accounting**

The Institute prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

#### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. In accordance with SFAS No. 117, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Institute has no temporarily or permanently restricted net assets.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Furniture and Office Equipment**

Acquisitions of furniture and office equipment in excess of \$2,500 with an estimated useful life of three years or greater and acquisitions of computer equipment in excess of \$3,000 are capitalized. Furniture and office equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets.

#### **Contributed Services**

No amounts have been reflected in the financial statements for contributed services since the recognition criteria under accounting principles generally accepted in the United States of America have not been met.

## LOUISIANA PUBLIC HEALTH INSTITUTE

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Revenue and Expenses

Support for the Institute is provided primarily by grants funded by private foundations and by State and Federal agencies. Grant revenue is recognized as expenditures, for allowable grant purposes, are incurred. Grant funding received in advance of expenditures for allowable grant purposes is recognized as deferred revenue. Expenditures are to be made in accordance with grant budgets that have been adopted.

##### Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Institute considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

##### Cash Flow Information

The Institute did not make any cash payments for interest or income taxes during the years ended June 30, 2008 and 2007.

##### Economic Dependency

Support for the Institute is provided primarily by grants from private foundations and through agencies of the State of Louisiana and the Federal government. The continued operations of the Institute are dependent upon the renewal of current grants and/or the procurement of additional funding sources.

##### Federal Income Taxes

The Institute is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

#### Note 2. Concentration of Risk

At June 30, 2007, the Institute had funds deposited in a financial institution in excess of the \$100,000 FDIC guaranteed limits. During the year ended June 30, 2008, the Institute entered into an agreement with its financial institution to invest its cash in overnight repurchase agreements in order to secure its cash balances.

#### Note 3. Cash - Restricted

During the year ended June 30, 2004, the Institute entered into a contract with the Louisiana Cancer Research Center (LCRC) whereby the Institute is to provide management, operational, and monitoring supervision of specific programs for the creation of the Louisiana Tobacco Prevention and Cessation Program (TPCP). Under the contract, LCRC advanced \$930,000 to the Institute. With these funds, the Institute established two separate bank accounts for the TPCP; one account was established as an operating account, the other as a money market investment account. The funds within the account are to be used strictly for expenditures associated with the TPCP. During the year ended June 30, 2005, the Institute closed the money market investment account.

# LOUISIANA PUBLIC HEALTH INSTITUTE

## Notes to Financial Statements

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### Note 3. Cash - Restricted (Continued)

During the year ended June 30, 2008, the Institute entered into a contract with the Louisiana Department of Health and Hospitals (DHH) to serve as the local partner for the Primary Care and Access Stabilization Grant (PCASG) program. In order to facilitate and segregate the funding to be received from DHH and the funding that the Institute would be required to remit to participating medical clinics, the Institute established a separate bank account with a financial institution.

A reconciliation of the amount of restricted cash reflected on the Statements of Position at June 30, 2008 and 2007 follows:

	2008	2007
Restricted Cash - TPCP	\$ 110,417	\$ 82,625
Restricted Cash - PCASG	<u>1,409,881</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,520,298</u></b>	<b><u>\$ 82,625</u></b>

### Note 4. Certificates of Deposit - Restricted

During the year ended June 30, 2002, the Institute obtained a \$500,000 loan from the Louisiana Public Facilities Authority (LPFA) in order to facilitate a low-interest loan program for rural health clinics and hospitals. The loan program was established to assist rural health clinics and hospitals in obtaining necessary equipment and facilities to enhance their ability to provide high-quality health care to residents in rural areas of the State. Upon receipt of the loan proceeds from LPFA, the Institute opened a separate bank account to facilitate the loans and placed \$225,000 in certificates of deposit in various financial institutions throughout the State of Louisiana.

During the year ended June 30, 2003, the Institute entered into an agreement with the Southeast Louisiana Area Health Education Foundation (Foundation) and the LPFA whereby the Institute agreed to transfer the balance of the LPFA loan and the related assets to the Foundation. In accordance with the agreement, the LPFA canceled the loan agreement it had with the Institute and initiated a new loan agreement with the Foundation. In addition, the Institute transferred the outstanding loans issued to rural health clinics and the remaining cash balance maintained in the separate bank account to the Foundation. During the year ended June 30, 2006, the Foundation transferred its rights to the certificates of deposit to the Louisiana Rural Health Services Corporation.

During the fiscal year ended June 30, 2008, the certificates of deposit matured, and the proceeds were transferred to the Louisiana Rural Health Services Corporation.

**LOUISIANA PUBLIC HEALTH INSTITUTE**

**Notes to Financial Statements**

**Note 5. Other Receivables**

Other Receivables consist of the following at June 30<sup>th</sup>:

	<b>2008</b>	2007
Due from National Public Health Institute Network	<b>\$ 125,237</b>	\$ 98,430
Service Related Receivables	<b>53,613</b>	-
Due from Employee	<b>269</b>	1,336
<b>Total</b>	<b><u>\$ 179,119</u></b>	<b><u>\$ 99,766</u></b>

During the year ended June 30, 2003, the Institute entered into an agreement with the National Network of Public Health Institutes (NNPHI) whereby the Institute is to provide supervision of NNPHI business activities and affairs. As part of this agreement, the Chief Executive Officer of the Institute serves as Chief Executive Officer of NNPHI, and reports directly to the board of directors of NNPHI. The Institute bills NNPHI monthly for the management services rendered. The revenue associated with this agreement is included in "Other Revenue" in the Statements of Activities.

During the fiscal year ended June 30, 2008, the Institute began to earn fees for services related to information technology, communication, media, and program evaluations rendered to other agencies and not-for-profit organizations. This revenue is included in "Other Revenue" in the Statements of Activities.

**Note 6. Furniture and Office Equipment**

Furniture and office equipment consist of the following at June 30<sup>th</sup>:

	<b>2008</b>	2007
Computer Equipment	<b>\$ 96,259</b>	\$ 96,259
Computer Software	<b>8,184</b>	8,184
Office Furniture	<b>6,584</b>	6,584
	<b>111,027</b>	111,027
Less: Accumulated Depreciation	<b><u>90,018</u></b>	<u>71,465</u>
<b>Total</b>	<b><u>\$ 21,009</u></b>	<b><u>\$ 39,562</u></b>

Depreciation expense for the years ended June 30, 2008 and 2007, totaled \$18,553 and \$26,705, respectively.

## LOUISIANA PUBLIC HEALTH INSTITUTE

### Notes to Financial Statements

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#### Note 7. Due to Clinics - PCASG

As disclosed in Note 3, the Institute was named the local partner for the PCASG program. As local partner, the Institute's primary role is to serve as a conduit for federal funds being passed through the Louisiana Department of Health and Hospitals to approved medical clinics serving Orleans, Jefferson, and Plaquemines parishes, as well as to monitor the utilization of these funds and the overall performance of the approved clinics. At June 30, 2008, the amount of funding approved, but not yet disbursed, to eligible medical clinics totaled approximately \$1,073,000.

#### Note 8. Due to LCRC

Immediately following Hurricane Katrina, the Institute developed and implemented a media campaign to respond to critical health issues associated with the impact of the hurricane. Although funding for this initiative was initially provided through the Louisiana Cancer Research Center (LCRC), management sought reimbursement through the Federal Emergency Management Agency. The Institute received reimbursement from FEMA in February 2007.

LCRC requested that the Institute reimburse LCRC for the amount of expenditures associated with the hurricane response campaign. This liability, which amounted to \$654,000 at June 30, 2007, was paid during the fiscal year ended June 30, 2008.

#### Note 9. Commitments and Contingencies

##### Leases

The Institute leases office facilities under an operating lease which expires in January 2012. Minimum future rental payments under this lease follow for the years ending June 30<sup>th</sup>:

<u>Years</u>	<u>Amount</u>
2009	\$ 257,481
2010	257,481
2011	257,481
2012	<u>150,197</u>
<b>Total</b>	<b><u>\$ 922,640</u></b>

The Institute also leases office facilities on a month-to-month basis. Rent expense incurred during the years ended June 30, 2008 and 2007, totaled \$263,262 and \$262,999, respectively.

##### Line of Credit

At June 30, 2008 and 2007, the Institute had a \$150,000 unsecured line of credit available from a financial institution.

## LOUISIANA PUBLIC HEALTH INSTITUTE

### Notes to Financial Statements

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#### **Note 10. Related Party Transactions**

##### **Rural Loan Program**

As described in Note 4, the Institute entered into an agreement with the Foundation whereby the Institute transferred the \$500,000 loan it had with the LPFA, and the related assets, to the Foundation. The Chief Executive Officer of the Foundation serves on the Board of the Institute.

During the year ended June 30, 2006, the Foundation transferred its rights to the certificates of deposit currently held in the name of the Institute to the Louisiana Rural Health Services Corporation. During the fiscal year ended June 30, 2008, the certificates of deposit matured, and the proceeds were transferred to the Louisiana Rural Health Services Corporation.

##### **Grants and Contracts**

The Chairman of the Institute's Board serves as the chief executive officer of Catholic Charities Archdiocese of New Orleans, which provided grant money to the Institute during the fiscal year ended June 30, 2007. In addition, the Institute has a contract with City of New Orleans Health Department. The director of that agency serves on the Institute's Board.

A member of the Institute's Board serves as the Associate Dean of LSU Health Sciences Center (LSUHSC), School of Public Health. LPHI has various contracts for services with LSUHSC.

#### **Note 11. Pension Plan**

The Institute sponsors a defined contribution retirement plan established under Section 403(b) of the Internal Revenue code. The amount contributed by the Institute for the years ended June 30, 2008 and 2007, was \$246,240 and \$156,648, respectively.

#### **Note 12. Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**SUPPLEMENTAL INFORMATION**

**LOUISIANA PUBLIC HEALTH INSTITUTE**  
**Schedule of Program Services and Grants**  
**For the Years Ended June 30, 2008 and 2007**

**Schedule I**

<b>Program/Grant</b>	<b>2008</b>	<b>2007</b>
Primary Care & Access Stabilization Grant (PCASG)	\$ 43,127,217	\$ -
Louisiana Campaign for Tobacco-Free Living	7,559,125	8,401,771
Social Services Block Grant (SSBG)	6,094,504	5,498,046
Kellogg: School Health Connection (SHC)	2,911,048	1,092,550
LA Spirit Media Campaign	2,429,724	-
Step Together New Orleans	1,461,381	1,834,159
LA CHIP Media Campaign	614,280	-
OPH Tobacco Control Program Media	607,220	-
LA Workforce Commission- CDBG	292,324	23,320
Common Ground	202,532	36,901
Regional Planning Commission Media Campaign	152,042	-
School Health Nurses Disaster Response Training	146,042	17,584
SSI - Unity for the Homeless	143,907	158,870
Children's Special Health Services	129,769	116,378
Maternal and Child Health (MCH)	87,044	69,167
IS: Coordinated School-Based Health Centers	69,440	-
LA Community AIDS Partnership	69,233	-
REACH Louisiana	64,371	639
Behavioral Health Action Network (BHAN)	56,179	29,296
GNO eHealth Record Project	50,536	49,464
Bayou Teche Community	49,804	44,012
Collaborative to Improve Behavioral Health Access	49,592	-
Commonwealth Fund	46,750	-
Evaluation: Special Projects	43,725	29,038
GNO Healthcare Service Capacity Assessment	43,305	71,675
IS: Special Projects	25,677	4,833
DHH: Foster Children Media Campaign	19,996	-
RWJ - LA Katrina Coordination	18,024	29,971
Rural Health Policy	17,366	1,660
LA Public Health Information Exchange (LaPHIE)	16,150	-
Obesity Council Media Project	15,000	-
Metro Access Project (MAP)	-	1,043,734
Louisiana Population Estimates	-	979,654
DHH Stay Healthy LA	-	315,667
CDC Recovery and Response	-	108,049
DHH: Health Information Exchange	-	49,435
RWJ: Health Info Exchange	-	47,079
BPCRH	-	39,155
Rural Health Prescription Program	-	31,012
Partnership for Access to Healthcare (PATH)	-	22,348
Other	83,940	25,006
<b>Total Program Services and Grants</b>	<b>\$ 66,697,247</b>	<b>\$ 20,170,473</b>

See independent auditor's report.

LOUISIANA PUBLIC HEALTH INSTITUTE  
 Schedule of Revenues & Expenditures - TFL  
 For the Year Ended June 30, 2008

Schedule II

<b>Unrestricted Support and Revenue</b>	
Grants Revenue - Government	<u>\$ 7,559,125</u>
<b>Total Revenues</b>	<u>7,559,125</u>
<b>Expenses</b>	
Salaries	1,341,524
Payroll Tax Expense	100,399
Health Insurance	76,922
Dental Insurance	7,132
Life Insurance	568
Retirement Expense	85,533
Worker's Comp	7,088
Monthly Parking	17,017
Contractual	3,932,885
Student Interns	27,192
Professional Fees - Accounting	1,125
Professional Fees - Audit	8,158
Professional Fees - Other	4,969
Conferences and Training	25,602
Printing	942
Supplies	28,057
Telephone and Communications	43,512
Postage	5,580
Software	17,759
Equipment	8,230
Furniture	1,901
Marketing	160,596
Recruitment	1,315
Sponsorships	157,962
Meeting Costs	35,476
Public Relations	118,586
Travel	146,585
Rent	93,656
Insurance - Directors	1,152
Insurance- General Liability	1,990
Dues and Memberships	3,800
Grants	<u>1,095,912</u>
<b>Total Expenses</b>	<u>7,559,125</u>
<b>Revenues in Excess of Expenses</b>	<u>\$ -</u>

See independent auditor's report.

**OMB CIRCULAR A-133 SECTION**

LOUISIANA PUBLIC HEALTH INSTITUTE  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2008

FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>		
Passed through State Department of Health and Hospitals		
CDBG Contract Monitor	Not Available	\$ 8,548
Children's Health Services	93.994	68,778
LA Spirit Media Campaign	97.032	2,429,724
Maternal Child Health	93.994	57,166
OPH Tobacco Control Program Media	93.283	485,776
Primary Care & Access Stabilization Grant	93.779	43,127,217
Social Services Block Grant	93.667	6,094,504
Social Services Block Grant - Rx Program	93.667	10,458
Passed through the City of New Orleans		
Steps to a Healthier U.S.	93.283	<u>1,461,381</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>53,743,552</u>
<b>Social Security Administration</b>		
Passed through Unity for the Homeless		
Social Security - Supplemental Security Income	96.006	<u>143,907</u>
<b>U.S. Department of Housing and Urban Development</b>		
Passed through Office of the Governor, Louisiana Workforce Commission		
CDBG - Rural Health Program	14.228	<u>292,324</u>
<b>U.S. Department of Social Services</b>		
Passed through State Department of Social Services		
Foster Children Media Campaign	93.667	<u>19,996</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 54,199,779</u></u>

**LOUISIANA PUBLIC HEALTH INSTITUTE**

**Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Louisiana Public Health Institute and is prepared in accordance with the accrual method of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Note 2. Subrecipients**

Louisiana Public Health Institute provided federal awards to subrecipients as follows:

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Amount Provided</b>
Primary Care & Access Stabilization Grant	93.779	\$ 41,784,654
Social Services Block Grant	93.667	\$ 6,009,132



LAPORTE SEHRT  
ROMIG HAND  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Louisiana Public Health Institute

We have audited the financial statements of Louisiana Public Health Institute as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated August 14, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits we considered Louisiana Public Health Institute's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Public Health Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Public Health Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

August 14, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Louisiana Public Health Institute

**Compliance**

We have audited the compliance of Louisiana Public Health Institute with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Louisiana Public Health Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Louisiana Public Health Institute's management. Our responsibility is to express an opinion on Louisiana Public Health Institute's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Louisiana Public Health Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Louisiana Public Health Institute's compliance with those requirements.

In our opinion, Louisiana Public Health Institute complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

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## Internal Control Over Compliance

The management of Louisiana Public Health Institute is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Louisiana Public Health Institute's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Louisiana Public Health Institute's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the Board of Directors, Management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

August 14, 2008

**LOUISIANA PUBLIC HEALTH INSTITUTE**  
**Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2008**

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**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Louisiana Public Health Institute.
2. No significant deficiencies relating to the audit of the financial statements of Louisiana Public Health Institute are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Louisiana Public Health Institute were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Louisiana Public Health Institute expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. A management letter was issued.
8. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
Primary Care & Access Stabilization Grant	93.779
Social Services Block Grant	93.667
LA Spirit Media Campaign	97.032
Steps to a Healthier U.S.	93.283
OPH Tobacco Control Program Media	93.283

9. The threshold for distinguishing Types A and B programs was \$1,625,993.
10. Louisiana Public Health Institute was determined to be a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None